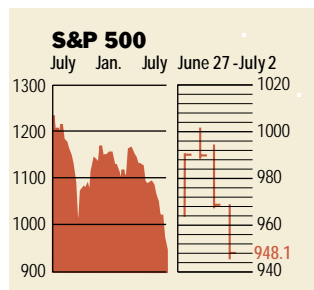


Stocks



COMMENTARY

The stock market suffered another drubbing in the wake of WorldCom and other corporate accounting scandals. Persistent investor discontent, analyst downgrades, and worries about terrorist threats over the July 4 holidays didn't help. The S&P 500 and the Nasdaq Composite fell to levels not seen since 1998. For the week, the Dow lost 1.2%, the S&P 2.6%, and Nasdaq 5%.

Data: Bloomberg Financial Markets
Reuters

U.S. MARKETS

	July 2	Week	Year to date	Last 12 months
S&P 500	948.1	-2.6	-17.4	-23.3
Dow Jones Industrials	9007.8	-1.2	-10.1	-15.0
Nasdaq Composite	1357.8	-5.0	-30.4	-36.8
S&P MidCap 400	463.7	-3.3	-8.8	-10.2
S&P SmallCap 600	218.3	-3.4	-6.0	-4.4
Wilshire 5000	8961.6	-2.8	-16.3	-21.9

SECTORS

	July 2	Week	Year to date	Last 12 months
BusinessWeek 50*	590.7	-3.3	-19.1	-31.4
BusinessWeek Info Tech 100**	288.2	-1.7	-31.3	-38.8
S&P/BARRA Growth	470.6	-3.8	-20.9	-23.8
S&P/BARRA Value	474.4	-1.4	-14.1	-23.5
S&P Energy	212.6	0.1	0.6	-7.6
S&P Financials	326.1	-0.3	-8.2	-15.8
S&P REIT	100.4	-1.2	7.5	6.3
S&P Transportation	194.4	2.2	-1.3	-4.2
S&P Utilities	117.8	-2.0	-19.2	-37.0
GSTI Internet	64.3	-8.8	-38.8	-53.6
PSE Technology	469.7	-6.3	-31.7	-35.6

*Mar. 19, 1999 = 1000 **Feb. 7, 2000 = 1000

BEST-PERFORMING GROUPS

Group	Last month %	Last 12 months %
Railroads	6.1	69.1
Footwear	2.4	36.4
Specialty Chemicals	0.7	35.1
Homebuilding	0.1	33.5
Oil & Gas Refining	0.0	29.2

EQUITY FUND CATEGORIES

Category	4-week total return %	52-week total return %
Leaders		
Real Estate	1.4	67.4
Europe	-2.8	13.9
International Hybrid	-3.6	5.5
Natural Resources	-3.6	3.2
Laggards		
Communications	-15.4	-48.7
Technology	-14.3	-46.2
Latin America	-14.2	-28.2
Precious Metals	-12.5	-26.5

EQUITY FUNDS

Fund	4-week total return %	52-week total return %
Leaders		
Rydex Dynamic Vent. 100	30.4	111.3
ProFunds UltraShort OTC	30.1	106.1
Potomac OTC Short	15.1	102.4
Rydex Arktos Investor	14.9	99.8
Laggards		
American Heritage	-27.3	-76.5
ProFunds UltraOTC Inv.	-27.3	-71.8
American Heritage Growth	-25.0	-69.8
iShares Gold. Sachs Netwkg.	-24.9	-68.3

GLOBAL MARKETS

	July 2	Week	Year to date	Last 12 months
S&P Euro Plus (U.S. Dollar)	981.5	1.3	-9.3	-14.2
London (FT-SE 100)	4546.8	0.3	-12.9	-19.4
Paris (CAC 40)	3735.7	0.9	-19.2	-28.2
Frankfurt (DAX)	4196.0	2.4	-18.7	-30.7
Tokyo (NIKKEI 225)	10,622.3	5.4	0.8	-17.1
Hong Kong (Hang Seng)	10,491.8	1.3	-7.9	-20.4
Toronto (TSE 300)	7013.4	-0.1	-8.8	-9.3
Mexico City (IPC)	6306.5	2.2	-1.0	-7.2

FUNDAMENTALS

	July 1	Wk. ago	Yr. ago
S&P 500 Dividend Yield	1.64%	1.62%	1.26%
S&P 500 P/E Ratio (Trailing 12 mos.)	41.2	41.9	29.1
S&P 500 P/E Ratio (Next 12 mos.)*	16.8	17.3	21.6
First Call Earnings Surprise*	6.47%	3.11%	1.91%

*First Call Corp.

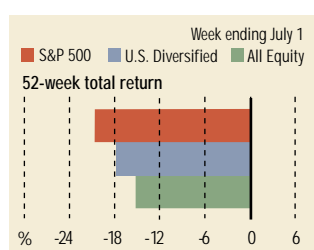
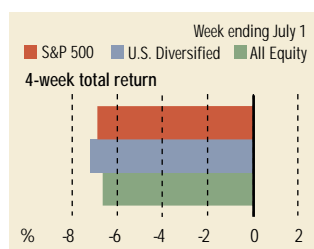
TECHNICAL INDICATORS

	July 1	Wk. ago	Reading
S&P 500 200-day average	1099.9	1102.6	Negative
Stocks above 200-day average	56.0%	56.0%	Neutral
Options: Put/call ratio	0.82	0.95	Positive
Insiders: Vickers NYSE Sell/buy ratio	3.86	4.02	Negative

WORST-PERFORMING GROUPS

Group	Last month %	Last 12 months %
Wireless Services	-44.6	-83.0
Advertising	-40.9	-76.9
IT Consulting	-35.6	-68.9
Semiconductors	-34.1	-61.9
Broadcasting & Cable TV	-33.0	-61.3

Mutual Funds



Data: Standard & Poor's

Interest Rates

Instrument	July 2	Week ago	Year ago
KEY RATES			
MONEY MARKET FUNDS	1.48%	1.47%	3.82%
90-DAY TREASURY BILLS	1.71	1.69	3.65
2-YEAR TREASURY NOTES	2.76	2.75	4.24
10-YEAR TREASURY NOTES	4.73	4.74	5.38
30-YEAR TREASURY BONDS	5.44	5.43	5.72
30-YEAR FIXED MORTGAGE†	6.54	6.54	7.08

†BanxQuote, Inc.

BLOOMBERG MUNI YIELD EQUIVALENTS

Instrument	10-yr. bond	30-yr. bond
Taxable equivalent yields on AAA-rated, tax-exempt municipal bonds, assuming a 30% federal tax rate.		
GENERAL OBLIGATIONS	4.10%	5.04%
TAXABLE EQUIVALENT	5.86	7.20
INSURED REVENUE BONDS	4.28	5.17
TAXABLE EQUIVALENT	6.11	7.39

THE WEEK AHEAD

INSTALLMENT CREDIT *Monday, July 8, 3 p.m. EDT* Consumers are forecast to have piled up \$5.6 billion of new debt in May. That's according to the median forecast of economists surveyed by Standard & Poor's MMS, a division of The McGraw-Hill Companies. In April, consumer debt rose by \$8.9 billion. In the first quarter, installment credit rose \$18.9 billion. Revolving debt, made up mostly of credit cards, jumped by \$4.1 billion in April, after remaining flat from November to March.

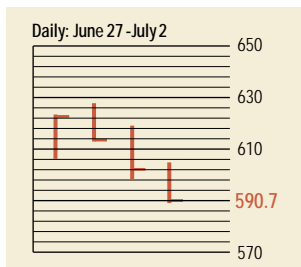
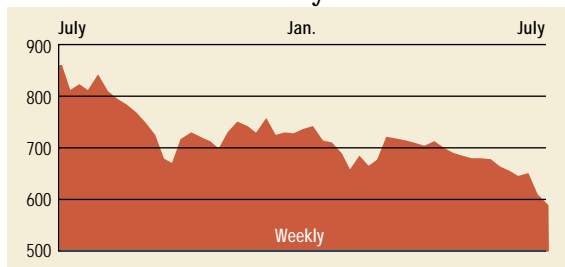
EXPORT-IMPORT PRICES *Wednesday, July 10, 8:30 a.m. EDT* Import prices in June probably rose 0.2%, after remaining unchanged in May. June export prices most likely stayed unchanged, after a 0.1% fall in May. A steadily falling dollar could benefit American businesses, causing U.S. goods and services to become comparatively cheaper abroad.

PRODUCER PRICE INDEX *Thursday, July 11, 8:30 a.m. EDT* Producer prices of finished goods in June most likely rose by a

slight 0.1%, following a fall of 0.4% through May. Excluding food and energy, core prices probably increased by a similar 0.1% last month, after remaining unchanged during May.

RETAIL SALES *Friday, July 12, 8:30 a.m. EDT* Retail sales in June are forecast to have risen 0.7%, after weak vehicle sales contributed to an unexpectedly sharp decline of 0.9% in May. Excluding vehicles, sales probably increased by a smaller 0.5%, after a 0.4% drop in May.

The BusinessWeek Fifty

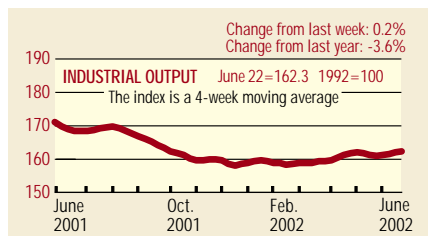


The BW 50 lost 3.3% for the week ending July 2, with 80% of the companies declining. Leading the losers was Electronic Data Systems, which fell 30.6% over fears concerning its exposure to WorldCom, one of its biggest clients. Drug distributor Cardinal Health sank 11.7% after rumors of auditing problems at the company spooked investors. The bright spot? Tyco International, which rose 5.7% after the spinoff of its CIT unit.

COMPANY PERFORMANCE

Rank	Company	% change		Rank	Company	% change	
		Week	Since 3/1/02			Week	Since 3/1/02
1	Johnson & Johnson	-4.7	-15.3	26	Tenet Healthcare	-2.7	21.0
2	Freddie Mac	-0.4	-5.6	27	Household International	-2.2	-7.6
3	Pfizer	-6.3	-19.9	28	WellPoint Health Networks	-5.5	23.1
4	MBNA	1.4	-6.8	29	Washington Mutual	-2.5	12.8
5	Philip Morris	1.6	-13.2	30	Duke Energy	-4.1	-15.0
6	KLA-Tencor	-7.8	-30.6	31	Kohl's	-2.2	0.9
7	Fannie Mae	-0.3	-7.0	32	Bed Bath & Beyond	-3.6	6.6
8	Lowe's	-1.4	-3.2	33	Cardinal Health	-11.7	-17.7
9	Best Buy	-4.4	-23.8	34	Centex	-2.5	-6.7
10	AmerisourceBergen	-8.0	4.1	35	American Electric Power	-3.9	-12.2
11	UnitedHealth Group	-0.8	24.5	36	Golden West Financial	0.9	6.5
12	Exelon	-1.8	2.9	37	Stryker	-6.2	-19.9
13	Home Depot	-7.6	-32.5	38	Harley-Davidson	-3.0	-5.3
14	Wal-Mart Stores	-4.0	-13.9	39	PepsiCo	-3.0	-5.4
15	Dynegy	0.0	-75.6	40	Merck	-6.8	-23.5
16	General Dynamics	-1.1	12.1	41	Apache	-0.8	7.4
17	Phillips Petroleum	0.3	-2.7	42	Amerada Hess	1.3	16.0
18	Forest Laboratories	-2.0	-13.2	43	KB Home	-3.5	14.2
19	Block (H&R)	1.2	-9.7	44	First Data	-3.6	-11.9
20	Calpine	5.3	-16.3	45	Tyco International	5.7	-56.5
21	Occidental Petroleum	-2.7	8.3	46	International Game Technology	-2.3	-20.4
22	Sysco	-1.8	-12.0	47	Capital One Financial	-0.1	15.2
23	Pulte Homes	-4.5	5.8	48	Electronic Data Systems	-30.6	-49.0
24	Marathon Oil	-1.0	-5.1	49	Nabors Industries	-3.8	-2.2
25	Citigroup	1.3	-17.2	50	Xcel Energy	2.5	-32.5

BW Production Index



The production index was higher for the week. Before calculation of the four-week moving average, however, the index slipped to 162.3 from 162.6. After seasonal adjustments, lumber and steel production were higher. Auto and truck assemblies both increased, following the settlement of a parts-supplier strike that forced several assembly plants to close. The energy components of coal, crude-oil refining, and electric power were all lower, along with rail-freight traffic.

Information on each of the index components is at www.businessweek.com. BW production index Copyright 2002 by The McGraw-Hill Companies

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